



MOTHER OF HOPE CAMEROON

Commercial Avenue, Savannah Street

P O Box 229, Bamenda-Cameroon

Tel: +237673540517/+237677831004

Email: mohcamngo@gmail.com, Website: www.mohcam.org

Reference No: 00001047/ARDA/JO6ALPAS/APPBA

FINANCIAL POLICIES FOR MOHCAM

JANUARY 2024



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INTRODUCTION

A. Purpose

The purpose of this document is to describe the financial accounting policies and procedures of the organization **Mother of Hope Cameroon with acronym MOHCAM**. The manual also details the internal controls and specific methods to safeguard EGI's assets, check the accuracy and reliability of recorded accounting data, and promote efficiency in the accounting operations.

B. Basic Principles

It is MOHCAM's policy to maintain good accounting records based on generally accepted accounting principles. Within these principles, MOHCAM adheres to International Financial Reporting Standards (IFRS), OHADA Standards, Government Financial Regulations, and incidental legislations to ensure costs are reasonable, allowable, and give value for money. Accurate accounting and financial reporting within MOHCAM are integral to providing the necessary information for budgeting, planning, and management responsibilities. To achieve this, MOHCAM's financial management and reporting systems are constructed so that:

- Costs are treated consistently with EGI's written policies and procedures and are applied uniformly;
- All payments are based on fully supporting documentation;
- All financial records are supported by source documentation;
- Reports can compare actual expenditures with planned expenditures.



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Within MOHCAM's financial management and reporting system, a number of checks and balances have been established. We believe that through the combination of a sound accounting system, daily attention by our finance staff, regular oversight by management, and independent activities, such as our annual financial audit we can achieve sufficient separation of duties.

C. Application

The financial regulations and procedures contained therein shall be applied without exception to all financial transactions within the organization.

Adah Mbah Muyang
Executive Director

Sirri Cynthia Wakuna
Programs Coordinator

January 2024



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FINANCIAL POLICIES

1.1 ACCOUNTING POLICIES

Introduction

Accounting policies are the specific principles, rules, methods, procedures, conventions and bases adopted by MOHCAM to be most appropriate to the circumstances in the financial statements. The following are guidelines used in the selection and application of the appropriate accounting policies in the preparation of financial statements.

(a) Prudence

Uncertainties are recognized by the disclosure of their nature and extent and by the exercise of prudence in preparation of the financial statements. Prudence is the inclusion of a degree of caution in the exercise of the judgments needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

(b) Substance over Form

Transactions and other events should be accounted for and presented in accordance with their substance and economic reality and not merely with their legal form. (c) Materiality Transactions are regarded as material if there is a reason to believe that knowledge of them would influence decision making. Thus financial statements should disclose all items which are sufficiently material to affect evaluation or decisions.



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1.2 SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Convention

The accounts are prepared under the historical cost convention as modified by the revaluation of fixed assets and the computation of related depreciation.

(b) Turnover

Turnover comprises of the Revenue grant from any Appropriations in Aid as may be appropriate, Donor Funded project Income & Sundries.

(c) Foreign Exchange translation

Transactions in foreign currency during the period are converted into CFA Franc at rates ruling at the transactions dates. Assets and Liabilities at balance sheet date which are in foreign currencies are translated into CFA Franc at rates ruling at that date. The resulting realized and unrealized differences from conversion and translation are taken to the Profit and Loss account.

(d) Inventories

Inventories are stated at the lower of cost and net realizable value. Valuation is based on first-in-first-out basis.

(e) Work in progress Work in progress includes the accumulated costs of projects in progress. The costs include the direct costs of the project as well as allocated indirect costs. Total cost realized so far at reporting date shall be included in the appropriate financial statement.



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(f) Income taxes

Income taxes are provided for in the accounts at the gazette rates.

(g) Project Accounting

Timesheets are completed by all Projects/Programs Department staff to ensure accurate apportionment of costs to projects. Project centers are assigned to each project at the time the project enters the evaluation stage. All time spent on the project from that point is capitalized as a cost of the project.

(h) Accruals

Unpaid invoices are regularly reconciled with the general ledger control. Statements from creditors are reconciled with recorded liabilities. Provision is made for all known expenses not yet paid for. Payment of invoices is after 30 days.

2.0 STAFF ADVANCES AND LOANS POLICIES

2.1 General

As part of the employee's privileges, the Institute shall offer various staff benefits in the form of advances to assist staff acquire basic facilities to enable them settle down while in the service of the Institute. While assessing applications for various advances, the employee's take-home pay shall be considered and this shall not fall below 1/3 of monthly basic salary.



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2.2 Salary Advance

An advance of not more than one month's basic salary may be granted to an officer by the Executive Director owing to circumstances beyond the control of such officer where he/she is placed in a difficult financial position requiring assistance from the organization. In applying for the advance, an employee shall in writing indicate such unforeseen circumstances. An advance under this regulation may be granted once in a period of one year. The Executive Director only under very exceptional circumstances may, at his discretion, grant an employee more than one month's basic salary during this period. A request for an advance will be considered on the strength of documentary proof and ability to repay without causing pecuniary embarrassment to the employee.

2.3 Eligibility for Advances

Advances of salary may be made to an officer on permanent establishment (including one serving on probation) or to an officer serving on contract or holding a temporary appointment for a period not less than twelve (12) months.

2.4 Recovery of Advances

Salary advances shall be recovered within a period of not more than 12 months. Advance in excess of one month's salary may be recovered in monthly instalments at the discretion of the Executive Director, provided that recovery will be as provided in 2.1 above. An employee who has an outstanding salary advance shall not be eligible to any advance until the outstanding amount is cleared.



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2.5 Salary in advance

An employee in exceptional financial difficulties may be granted their net salary in advance and the same recovered in full at the end of the same month. An employee proceeding on annual leave may on written request be paid his salary for the month in which he proceeds on leave in advance.

3.0 BANK AND CASH

3.1 General

Cash comprise cash in hand and at bank. The Purpose of cash management system is to ensure that:

- a) All cash Receivable is received promptly and accurately accounted for and banked intact.
- b) All payments are properly verified and approved before payment is made.
- c) All vouchers and supporting documents are properly stamped "paid" immediately after payment is done.
- d) There is adequate segregation of duties and responsibilities
- e) All cash transactions are properly captured by the general ledger system.
- f) Bank and cash reconciliation are done on a timely basis.

3.2 Bank Accounts and Banking Arrangements

- a) Banks chosen as depositories for organization's funds are approved by the Board of Directors. All bank accounts are opened on the authorization of the Board of Directors and are in the name of MOHCAM. Banks are named in the general ledger chart of accounts.



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- b) The Executive Director on behalf of the Board shall make bank and banking arrangements with reputable banks only as approved by the Board.
- c) All cheques require TWO signatories with the Executive Director's signature being mandatory unless there is written delegated authority by the Executive Director in consultation with the board of directors to another officer in the service of the organization where prevailing circumstances consistently disallow execution of this duty. Cheques shall be ordered by any of the two signatories per mandate. The Finance officer will make adequate arrangements for their custody.
- d) Signatories on all bank accounts are as Category A - the Executive Director and the financial officer are signatories of the organization's account. All cheques exceeding CFA 500,000 MUST be signed by the Executive Director & any of the category B signatories. For amounts less than CFA.500, 000/= one signatory in Category A and one in Category B would suffice.
- e) Immediate formal notice shall be given to the bank when an authorized cheque signatory leaves employment of the organization or whenever changes on authorized signatories are effected that are incompatible with cheque signing duties.
- f) Funds transferred between banks are recorded in the bank Journal.
- g) Cash receipts on any given day are banked on the following morning except on Fridays when collections are banked on the following Monday and public holidays when collections are banked on the next working day.



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- h) Signing or countersigning of blank cheques is prohibited. The practice of drawing cheques to cash is also prohibited. In cases where cash is needed to replenish the petty cash fund, the cheque is to be made payable to the employee authorized to cash such cheques.
- i) Cheques outstanding in the bank statements for more than six months are reversed in the cashbook and payment stopped at the bank.
- j) Bank accounts are to be reconciled by a person who is not an authorized cheque signatory, handle or record cash.
- k) Bank reconciliation's will be prepared not later than ten (10) working days after the previous end of month by the finance assistant. The Finance officer will ensure the reconciliation of all bank account balances to the cashbook is done. Each bank reconciliation will be prepared by the designated Accountant and reviewed and approved by the Finance Officer.
- l) The Cashbook will rarely contain all transactions, as the bank will have charged ledger fees, Institutes, interest etc. which will only be known after the receipt of the bank statements. Such charges should be recorded immediately the bank statement and respective advice slips are received.
- m) The Bank Cashbook is a record of all transactions affecting a particular account. Entries must be made daily as they occur so that the balance of the account can be ascertained at any time with a reasonable degree of accuracy.
- n) Cheques must be recorded in strict numerical order including cancelled cheques. This information should be recorded in the cashbook immediately the cheque is issued.



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o) At the end of every month the cashbook should be ruled off and the cross and down castings balanced.

3.3 Petty Cash

- a) All petty cash funds are handled on an imprest basis. Replenishment of the fund is approved by the Executive Director, Finance Manager or the Finance Officer after inspection of documentation. Mixing of cash receipts from general operations with the petty cash fund is prohibited.
- b) The total amount of cash in the fund is determined from time to time by management to a level which is considered to be an amount appropriate for the normal needs of the Institute. An increase in this amount must be approved by the management.
- c) Any cash deficits must be made up by the individual responsible for the fund on that day.

3.4 Cash Disbursements

- a) All cash disbursements are made by pre-numbered cheques. Voided cheques are mutilated to prevent re-use and are kept on file. Blank cheques are kept in a locked safe which is accessible only to those authorized to prepare cheques and drafts.
- b) The signatures of two authorized individuals are required on each cheque.



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4.0 PURCHASING POLICY

4.1 Introduction

The process of a purchasing policy are as follows:

- a) Authorization for purchases are initiated by the programs director or project team Sectional and approved by:
 - i. Finance officer
 - ii. Executive Director
- b) All purchases must be budgeted for and an authority to incur expenditure form filled by the relevant manager.
- c) The purchasing function is segregated from the accounting function. Persons assigned the responsibility for purchasing do not have authority to initiate purchases or approve invoices for payment.
- d) Authorization limits are as follows:
 - i. Finance Officer: CFA 100,000 and less (including low- value procurements)
 - ii. Executive Director: Over CFA 100,000
- e) Purchases are made only on the basis of signed requisition from authorized persons. Once a requisition is raised, the same has to go to the Executive Director for approval after confirmation of fund availability.
- f) Vendors are selected for both recurrent and non-recurrent expenditures using competitive bidding processes. Purchase orders are issued to the most responsive bidders.



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g) The receiving department/inspection and acceptance committee acknowledges receipt of goods purchased by way of signing the Goods Received Note and delivery note from the vendor. The inspection and acceptance committee issues inspection certificate for goods verified and accepted.

h) Creditors' invoices are received by the accounts department after clearance by the Procurement department with the requisite attachments for payment processing.

5.0 FIXED ASSETS POLICY

5.1 Introduction

The purposes of a fixed asset policy are:

- i. To provide control and accountability over capital assets, and
- ii. To gather and maintain information needed to prepare financial statements.

The policies and procedures in this chapter are the minimum requirements for fixed assets that must be met. The fixed asset inventory system may be maintained in greater detail, or use additional supporting documentation, as long as the required minimum standards are met. This fixed asset policy covers items relating to:

- i. Internal Control
- ii. Asset Acquisition and Valuation
- iii. Depreciation
- iv. Asset Disposition



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5.2 Definition

A Fixed Asset is defined as an "item" of a capital nature which costs in excess of CFA 100,000 (including VAT). As a general rule, individual assets costing CFA 100,000 and over are capitalized as fixed assets in the general ledger and entered into the Fixed Assets Register. Assets costing under CFA 100,000 are expensed as minor equipment and are not entered into the Fixed Asset Register. These will be recorded under the cost unit "Stationery". In addition, Information Technology Section (IT) maintains a Computer Equipment Register which includes all computer equipment and audio visual equipment, regardless of value.

5.3. Procedures for the Acquisition of Fixed Assets

The budget for asset purchases is held centrally. Various Sections are required to plan and identify asset requirements during the budget process. Purchase orders are raised by Sections for the purchase of assets in accordance with their relevant budget allocations. Purchase requisitions for computer equipment and audio visual equipment need to be referred to the IT Manager for approval prior to being released as a purchase order.

5.4. Recording of Fixed Assets

All fixed assets are tagged upon receipt to MOHCAM, to discourage theft and for identification purposes. Computer equipment and audio visual equipment are attached with barcode stickers and the details entered in the register, before the equipment are installed in the relevant areas. All assets will be recorded on an



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ongoing basis in a Fixed Asset Register. A separate Fixed Asset Register will be maintained at the Headquarters. Each Register will record:

- The organization's identifying number
- The description of the asset
- The category of the asset (per definition above)
- The location of the asset
- The annual depreciation charge set against each asset

5.5. Verification of Fixed Assets

The stock takes are done to:

- i. Verify the existence of the assets listed in the assets register
- ii. Verify the location of the assets
- iii. Identify any assets held that are not in the register.

The results of the annual stock take are provided to the Accountant and the Fixed Assets Register is updated. The existence of a fixed asset must be verified on at least an annual basis by the Administration Officer in charge with this exercise being recorded in the Asset Register and any variances from the recorded details investigated and appropriate action taken. Any assets found not to be in existence must be immediately brought to the attention of the Finance Manager.

IT Manager is required to undertake an annual stock take of computer equipment and audio visual equipment to ensure that their relevant registers are complete and up to date. The above internal exercise is to be carried out in addition to any internal or external audit visits.



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5.6. Disposal and Write-off of Fixed Assets

No fixed assets are to be sold, scrapped or retired without the prior approval of the Executive Director. Recommendations for the dispositions must originate in the user department and reviewed and approved by the Finance Department. Dispositions approved by the finance officer are taken into account in the preparation of the annual estimates. Items of fixed assets may be disposed, scrapped or retired upon attaining the ages indicated above, while in the use of the Institute. A ledger of retired assets is maintained for control purposes.

5.7 Transfer of Fixed Assets

The transfer of an asset from its original defined location must be in accordance with set procedures, which ensure the change of location is updated on the relevant Fixed Asset Register(s).

5.8 Periodic Valuations

All fixed assets are carried at cost in the Institute's financial statements. This assessment is supplemented by independent assessments at least every three years.

5.9 Asset Depreciation

The depreciation calculation process is performed quarterly once all asset additions and asset disposals have been processed and the assets have been reconciled to the General Ledger. Depreciation is calculated on



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reducing balance basis to write-off the net cost of each item of equipment, per the categories listed in 2 above. The depreciation charge is not allocated to departments.

5.10 Reconciliation of Assets to General Ledger

Once all asset additions and asset disposals have been posted into the Fixed Asset Register and the depreciation calculation has been posted, a depreciation schedule is generated and printed for each category of assets in the system. For each category of assets, the total asset cost, accumulated depreciation and depreciation expense are reconciled to the relevant accounts in the General Ledger.

5.11 Repairs and Maintenance

Expenditures for repairs and maintenance are recognized as expenses of the current period unless one of the following applies.

- i. The expenditures add to the value of the fixed asset.
- ii. The expenditure materially prolongs the economic life of the fixed asset.

Unusual or extraordinary repairs arising from fire or other casualties, not covered by insurance, are recognized in the general ledger as losses and not as repairs.



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6.0 STAFF IMPRESTS

6.1 Introduction

A member of staff may be issued with funds to undertake a particular task. Such funds are supposed to be accounted for immediately upon return from a fieldtrip, or upon completion of the task. Such authorized tasks are to be undertaken without delay. The purpose of the Imprest system is to ensure that;

- i. Imprest is issued for approved activities
- ii. Proper approval systems are followed before making Imprest payments.
- iii. Reasonable amounts are paid out as imprest
- iv. Imprest is promptly and fully accounted for with appropriate supporting documents.
- v. Travel and other activities requiring imprest are adequately planned for in advance.

6.2 Policy

Temporary imprest will be issued to officers for specific purposes and will be accounted for by submission of cash receipts and/or cash. Retirement of temporary imprest must be made within 48 hours after the purpose for which the imprest was applied for has been fulfilled. If this is not done the whole amount so taken will be debited to the officers' personal account and recovered from his salary without notice.

6.3 Travel and Activity Imprest

The Institute will pay travel and reasonable living expenses for employees on official business in accordance with guidelines and rates set out in the Terms and conditions of service.



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6.4 Applications for travel and activity imprest

The respective budget holders for approved activities will review and approve travel and activities imprest application. The applications will be forwarded to the Executive Director and Finance Manager for authority and approval. The approved application shall be submitted to the Cashier at least one week (5 working days) before the date on which funds are required. Once an imprest is issued it will immediately be posted to an interim staff imprest account of the individual taking the imprest.

6.5 Un-surrendered Imprest

Imprest that remains unaccounted for beyond the required period of return to office shall be recovered from the employee's salary in such amounts and over such period as the Finance Manager may consider appropriate.

6.6 Field Imprest

This is to be given to the personnel to cover the field activities. They must return the imprest within 48 hours after returning from their field trip.

6.7 Purchase Imprest

This is to be given to staff for purchase of items not in the store or non-stock items.

Such imprest are to be surrendered immediately the item is purchased, or within 48 hours. In case the item is not available, the imprest is surrendered and taken when required. Such imprest issued for single non-stock items shall not exceed CFA 150, 000.



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6.8 Travel Imprest

This is to be issued to staff going to work outside the station. They are paid in form of night outs, lunches and dinners. They should be surrendered immediately after return of journey.

MOHCAM 2024

Approved by Executive Director

Prepared by
Finance Officer.